**News Release – Results for Fourth Quarter & FY2008**

# HUPSteel Continues Record-breaking Performance through FY08 – Net Profit for All-time Strongest Quarter, 4QFY08, Surges 77% to $18.7 Million; Uplifts FY08 Net Profit to Highest-ever $45.1 Million

| $ million | 4QFY08 | 4QFY07 | Chg | FY08 | FY07 | Chg |
|---|---|---|---|---|---|---|
| **Revenue** | 141.9 | 86.9 | +63% | 433.7 | 284.2 | +53% |
| **Gross Profit** | 33.8 | 17.4 | +94% | 87.3 | 60.1 | +45% |
| **Net Profit After Tax(NPAT)** | 18.7 | 10.6 | +77% | 45.1 | 31.2 | +45% |
| **Gross Profit Margin** | 23.8% | 20.0% | | 20.1% | 21.1% | |
| **Earnings per share*** | 3.04 cts | 2.09 cts | | 7.33 cts | 6.16 cts | |
| | | | | | | |
| **Net Asset Value per share*** | | | | 32.98 cts | 28.68 cts | |

** Based on weighted average number of shares of 615,679,316 as at 30 June 2008 for 4QFY08 or FY08; 506,026,397 shares as at 30/06/07 for 4QFY07 or FY07*

- **4QFY08: highest quarterly revenue and earnings – net profit growth outpaced revenue growth as gross profit margin rises to 23.8%**

- **Total dividend of 3.5 cents per share - representing 47.8% of net profit after tax. Directors propose 1.0 cent final dividend and 1.5 cents special dividend per share on top of 1.0 cent interim dividend per share paid earlier**

- **FY09 outlook: robust demand from Singapore's offshore/marine, oil & gas and infrastructure construction sectors to remain**

**Singapore, 28 August 2008 - SGX Main Board-listed HUPSteel Limited ("HUPSteel" or "the Group"),** one of South-east Asia's largest metal stockists and total solutions provider to the oil and gas, offshore/marine, petrochemical, infrastructure construction and engineering sectors, today announced an encore performance to its sterling 3QFY08 results, delivering its strongest quarterly results to-date for the fourth quarter ended 30 June 2008 ("4QFY08").

For 4QFY08, Hupsteel achieved another new all-time-high of $141.9 million revenue, surpassing its previous high of $120.1 million revenue for 3QFY08. Gross profit leapt 94% to $33.8 million, mainly attributed to the Group's strategy of investing in the stocking up of inventories from FY07 in anticipation of rising prices.

The major contributor to topline growth in 4QFY08 was the continuing volume demand for structural steel products. At the same time, the demand for Hupsteel's pipes and fittings products catering to its oil & gas customers remained strong, with steady organic growth.

Consequently, net profit after tax for 4QFY08 surged 77% year-on-year to a record $18.7 million, thus outpacing topline growth of 63%.

For FY08, total group revenue surged 53% year-on-year to a record $433.7 million, due to both increases in volume and overall steel prices. Net profit after tax for FY08 soared 45% to $45.1 million. This comparatively slower bottomline versus topline growth was due to non-operational income – 2QFY07 one-time dividend income of $0.9 million upon the early redemption of a bond held as investment, as well as lower interest income earned for FY08.

Commenting on the Group's results, CEO Lim Kim Thor, said, "We are proud to deliver to our shareholders record-breaking results for 4QFY08 and FY08. Our annual revenue and net earnings have reached all-time-highs of $433.7 million and $45.1 million respectively and we will be operating at a higher quarterly volume base.

"Our judgement calls on the global market demand-supply dynamics remained on track through FY08. We optimally executed the right strategies with regard to pricing, inventory and trading business tactics, well within our risk-benefit comfort zones." explained Mr Lim.

The commendable results were achieved in spite of the higher operating cost environment in line with both global and Singapore-centric inflationary cost pressures. In FY08, headcount was increased to support the significant increase in business volume, which led to staff cost rising to $13.9 million from $11.6 million. In addition, staff cost in 4QFY08 was 36% higher at $4.8 million due to the higher provision for staff incentives in line with the Group's fine performance in FY08, while other operating expenses rose to $5.3 million from $1.3 million, on higher shipping costs, commissions to agents, etc.

Looking ahead into FY2009, record inflation in Singapore and signs of slowdown in the US economy may curtail the growth of Singapore's economy in the near term. Nevertheless, the demand in Singapore market for Hupsteel's steel products, e.g. pipes and fittings, ship-plates and other structural products, will remain healthy given the unique demand drivers underpinning its three core customer sectors of oil and gas, offshore/marine and infrastructure engineering and construction.

"Singapore is a leading Asian hub for rigs, platforms, FPSO conversion and offshore support vessels," said Mr Lim. "Our regular customers have full order books through to 2011 and are committed to meeting delivery deadlines. Thus, their steel requirements for the next 12 months will be steady. We will also continue to enjoy organic growth in the robust demand from oil and gas sector customers to support new-build and expansion requirements."

"Fresh demand for structural products will be strongly buoyed by the government-led pipeline projects to enhance Singapore's transport infrastructure and facilities, e.g., Upgrading of Changi Airport Terminal 1, new Downtown MRT line, Marina Coastal Expressway, Khoo Teck Puat Hospital and Sports Hub," he added.

Recent announcements on the deferment of other less urgent public infrastructure projects to moderate demand for raw materials and sub-contractor services will also spread the rising demand for steel products over a longer period of time.

"With regard to supply-side dynamics, the supply situation seen in preceding quarters has improved. Global demand from the Middle East, South America, Russia, India, China and other emerging

countries are expected to be on the rise. Steel prices have moderated slightly and industry players believe that prevailing prices will stabilise at more sustainable levels for the mid term. As prices of key raw materials for the steel mills, namely iron ore and coking coal, have been recently fixed for the one-year contractual period, we believe further downward adjustments in prices for the same period are not likely," Mr Lim concluded.

As at 30 June 2008, inventories stand at $137.7 million. The Group will continue to replenish stocks selectively in line with projected customers' demand. Trade receivables turnaround days had improved to 92 days from 104 days despite higher turnover recorded.

The Group is always on the lookout for suitable expansion and investment opportunities.

***## End of release ##***

***About HUPSteel***

*Established in 1945 as an industrial hardware company, SGX Main Board-listed HUPSteel Limited, formerly known as Hup Seng Huat Co. Ltd, provides an integrated range of steel products and services for the oil and gas, chemical and petrochemical, energy, infrastructure, marine and other industries across Asia Pacific. Serving more than 1,500 customers in over 15 countries, HUPSteel is one of the largest steel suppliers and stockists in Singapore. The Group distinguishes itself from other Singapore-based steel stockists in being able to provide value-added services such as logistics services that will enable it to expand across the horizontal supply chain and become a truly global total solutions provider for steel products and services. HUPSteel's value lies in its product knowledge, stock availability, competitive pricing, and comprehensive product range. This enables the Group to offer an indispensable inventory management service to source and supply clients' time-sensitive steel requirements.*

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